

Message Text

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PAGE 01 STATE 080744 TOSEC 030055
ORIGIN SS-25

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DRAFTED BY ARA:JABUSHNELL
APPROVED BY ARA:JABUSHNELL
EB - MR. KATZ (IN DRAFT)
HA - MR. SCHNEIDER (IN DRAFT)
S/P - MR. KREISBERG (IN DRAFT)
S/S-O - SGOLDSMITH
H:BECKEL

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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 080744 TOSEC 030055

EXDIS FOR TODMAN & LAKE FROM BUSHNELL AND KREISBERG

E.O. 11652:GDS

TAGS: BL, ECON

SUBJECT: BOLIVIA: ELECTIONS AND TIN SALES

1. AS WOULD BE EXPECTED, THERE IS DISAGREEMENT ON APPROACH WE SHOULD TAKE WITH BOLIVIANS DEPENDING ON PRIORITY FOR HUMAN RIGHTS POLICY AND BOLIVIAN POLITICAL DEVELOPMENT WHICH FOCUS OF ARA, S/P AND HA AND DOMESTIC AND INTERNATIONAL ECONOMIC CONCERNS WHICH FOCUS OF EB. FOLLOWING PARAS TWO AND THREE ARE ARA, S/P AND HA PROPOSAL. EB POSITION BEING SENT SEPTTEL.

2. WE BELIEVE THERE IS NOW LESS THAN 50-50 CHANCE OF SAVING BOLIVIA ELECTION PROCESS THIS YEAR AND THAT US ANNOUNCEMENT TIN SALES IS ONLY ONE OF MANY FACTORS UNDER-
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MINING ELECTION SCENARIO. HOWEVER, WE BELIEVE MAJOR EFFORT NOW TO FIX 1978 TIN DISPOSAL POLICY IS FULLY JUSTIFIED BY OUR CONCERNS WITH MOVEMENT TOWARD DEMOCRACY IN BOLIVIA AND EVEN MORE IMPORTANT BY NEED AVOID MAJOR NEGATIVE ASSESSMENT US HUMAN RIGHTS POLICY WHICH WILL SPREAD IF US AND WORLD PUBLIC BELIEVE US UNWILLING MODIFY SUCH MINOR ELEMENT FOR US AS TIN SALES IN ORDER TO CONTRIBUTE

TO HUMAN RIGHTS OBJECTIVES.

3. ARA, S/P AND HA BELIEVE PRESIDENT SHOULD AUTHORIZE

AMBASSADOR BOEKER TELL GOB ON FRIDAY THAT US TIN SALES WILL NOT BEGIN BEFORE JULY ELECTIONS AND THAT MAXIMUM OF 5000 TONS WILL BE SOLD IN CALENDAR 1978 PROVIDED ELECTORAL SCHEDULE IS HELD. HE WOULD REPEAT COMMITMENTS FOR FULL CONSULTATIONS ON SALES IN FUTURE YEARS. WE BELIEVE IT WOULD BE ESSENTIAL TO PERMIT GOB ANNOUNCE THIS POLICY OR AGREE ANNOUNCE IT OURSELVES. MARKET SHOULD THEN ADJUST UPWARD SINCE PRESENT EXPECTATION IS LARGER SALES. USG WOULD CONFIRM COMMITMENT IF ANNOUNCED BY BOLIVIA. OUR ESTIMATE IS THAT LEGISLATIVE AND INTERNATIONAL CONSULTATION PROCESS UNLIKELY BE COMPLETED BEFORE AUGUST IN ANY EVENT. ONLY NEW POLICY ELEMENT IS FIXING MAXIMUM SALES LEVEL FOR PART OF YEAR. WE WOULD NOT PROPOSE ANY CHANGE IN LEGISLATIVE PROPOSALS NOW BEFORE CONGRESS WHICH AT ANY RATE LEAVE TO ADMINISTRATION TIMING AND RATE OF SALES. WE RECOGNIZE THAT ANNOUNCEMENT LOW 1978 SALES FIGURE WOULD NOT BE POPULAR WITH SOME CONGRESSMEN, WOULD HAVE VERY MODEST INFLATIONARY IMPACT, AND MIGHT NOT BE FULLY CONSISTENT INTERNATIONAL TIN AGREEMENT. WE RECOMMEND URGENT CONSULTATIONS ON HILL TO EXPLAIN REASONS, ESPECIALLY HUMAN RIGHTS CONCERNS, FOR AGREEING

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TO LEVEL MAXIMUM 1978 SALE. IT SHOULD BE POSSIBLE FOR BOLIVIANS TO PROVIDE US WITH TIME FOR CONSULTATIONS. ADMINISTRATION AGREEMENT TO DELINK TIN SALES FROM COPPER PURCHASES MIGHT BE KEY TO CONGRESSIONAL ATTITUDE. IN SENATE, STAFF OF HART SUBCOMMITTEE IS PROPOSING DELINKING.

4. BENNET IS AWAY THIS WEEK BUT CONGRESSIONAL STAFF (BECKEL) THINKS IT MIGHT BE POSSIBLE TO SELL ON THE HILL ALTHOUGH THERE ARE DELICATE ASPECTS TO TRADE-OFF OF TIN SALES FOR DEMOCRATIC ELECTIONS. BECKEL SUGGESTS BENNET UNDERTAKE CONSULTATIONS NEXT WEEK IF SECRETARY AGREES. COOPER

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